

# Portland International Center



## Public Private Partnership



**Michel A. Thomet, PhD, MBA**  
Manager, Facilities Planning & Simulation  
Bechtel Civil



Trammell Crow Company



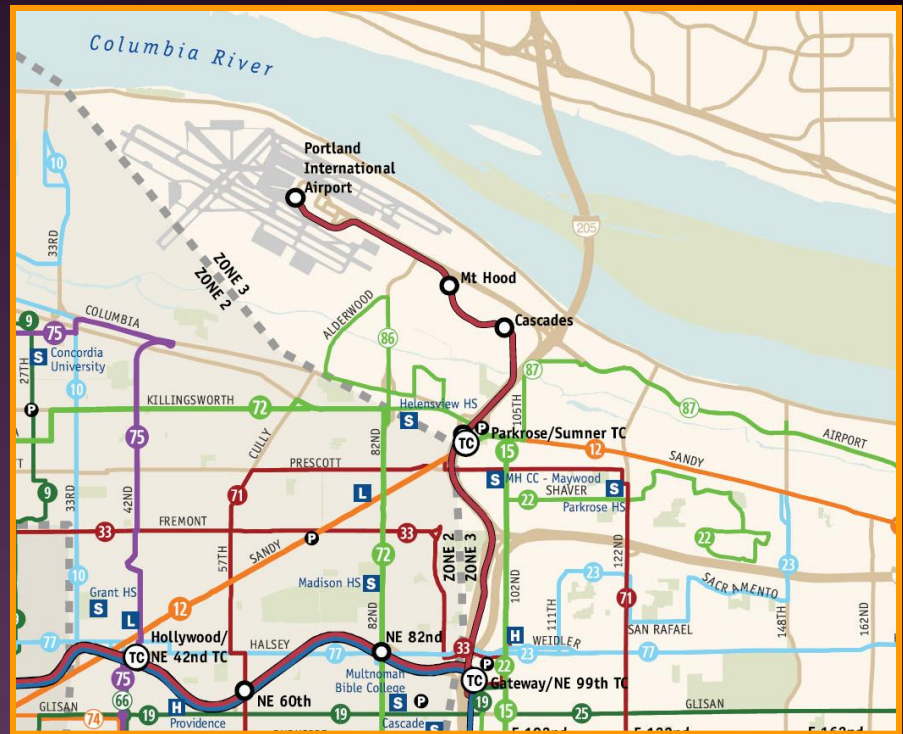
# Portland Airport Max Light Rail (OR)

- ❖ Unique PPP between Bechtel, Tri-Met, Port and City to finance-design-build
- ❖ Innovative land lease arrangement providing additional project funding
- ❖ Accelerated project completion by 5 years over traditional federal process



# Portland Airport Max Light Rail (OR)

- ❖ Five mile LRT extension to Airport with 4 new stations
- ❖ Line ties in at Gateway Transit Center
- ❖ Alignment follows I-205 median
- ❖ PIC site served by 2 stations: Cascades and Mt Hood





# Rail and Road Access to site



- ❖ Cascade Station, opened in September 2001
- ❖ Concept based on direct access to pedestrian mall with retail shops and eateries within walking distance

- ❖ Segmental cast-in-place bridge at the crossing of I-205
- ❖ No lane closures needed during construction on very busy highway



# Design-Build Execution Strategy

- ❖ Program Requirements
- ❖ Integrated Design-Build Team
- ❖ Design Quality Control (QC) and Quality Assurance (QA)
  - Inter-disciplinary coordination
  - Internal checking and QC procedures by each designer
  - Bechtel reviews of design consultants
  - Off-projects design reviews
  - Independent reviews of structural drawings



# Design-Build Execution Strategy

- ❖ Construction QA and QC
- ❖ Safety – Bechtel’s “Zero Accident Policy”
  - Partner with OSHA
  - Engage construction supervisors in the safety process
  - Use of the “Safety Task Analysis and Risk Reduction Talk (STARRT) program
- ❖ Civil/Systems Integration



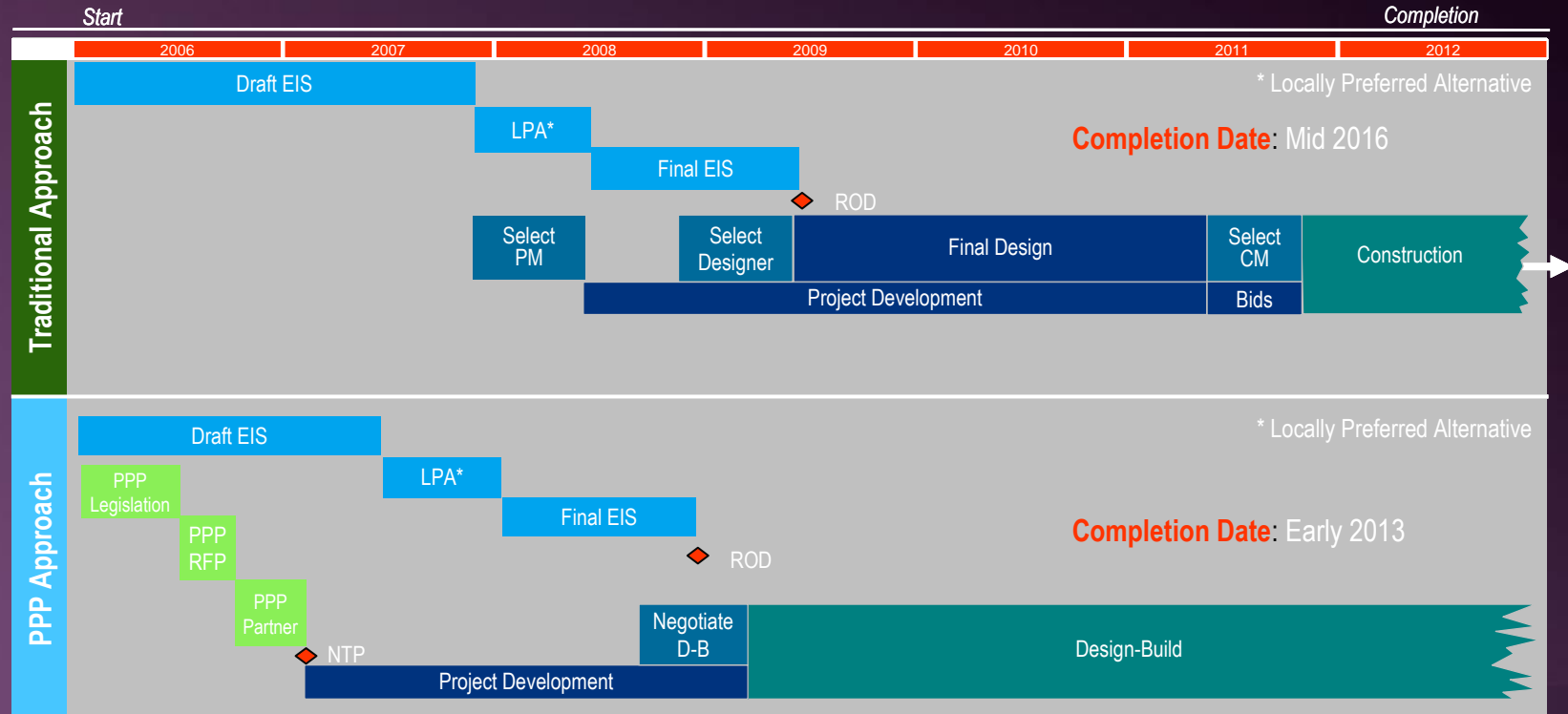
# Infrastructure Development Models

- ❖ Alignment of public and private interest
- ❖ Opportunity for private investment
- ❖ Reduced costs

Traditional	Public-Private Partnerships	Private
<ul style="list-style-type: none"><li>■ Led by Government Bodies</li><li>■ Public Sector Staff Conducts Development Tasks</li><li>■ Multiple Bids/Work Developed by Consultants</li><li>■ Cumbersome Processes</li><li>■ Financed by Taxes or Fees</li><li>■ Linear Approach to Development</li></ul>	<ul style="list-style-type: none"><li>■ Public Agency Sponsors Project</li><li>■ Private Sector Partner Performs Significant Development Scope</li><li>■ True and Transparent Partnership</li><li>■ Financed by Grants, Taxes, Fees and/or Private Funds</li><li>■ Local Hiring of Most Services</li><li>■ Key Development Activities Performed in Parallel</li></ul>	<ul style="list-style-type: none"><li>■ Led entirely by the Private Sector</li><li>■ Private Sector Staff Conducts all Development Tasks</li><li>■ Financed with Private Funds, Grants and/or Fees</li></ul>

# Comparison: *Traditional vs. PPP*

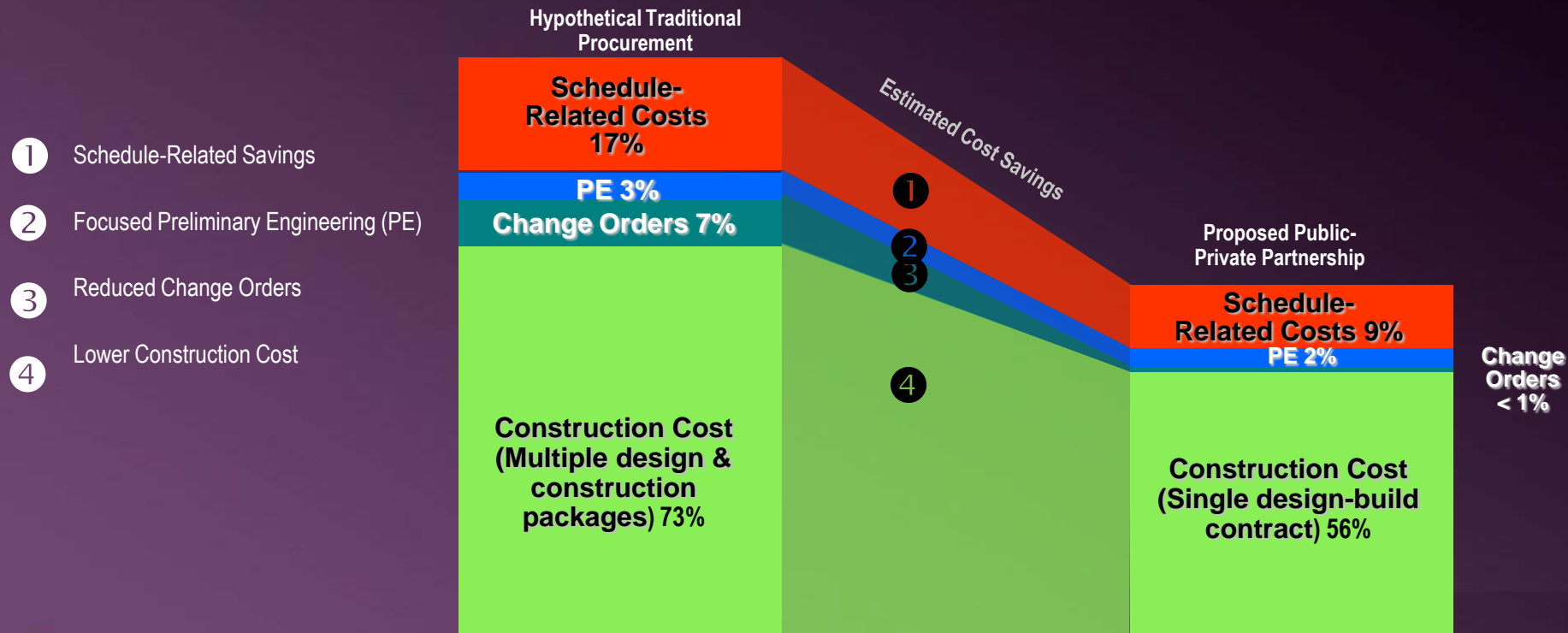
- ❖ Acceleration of Schedule through a single Design/Build Contract
- ❖ Streamlined EIS process by the Public Partner
- ❖ Construction could start before the design was 100% complete



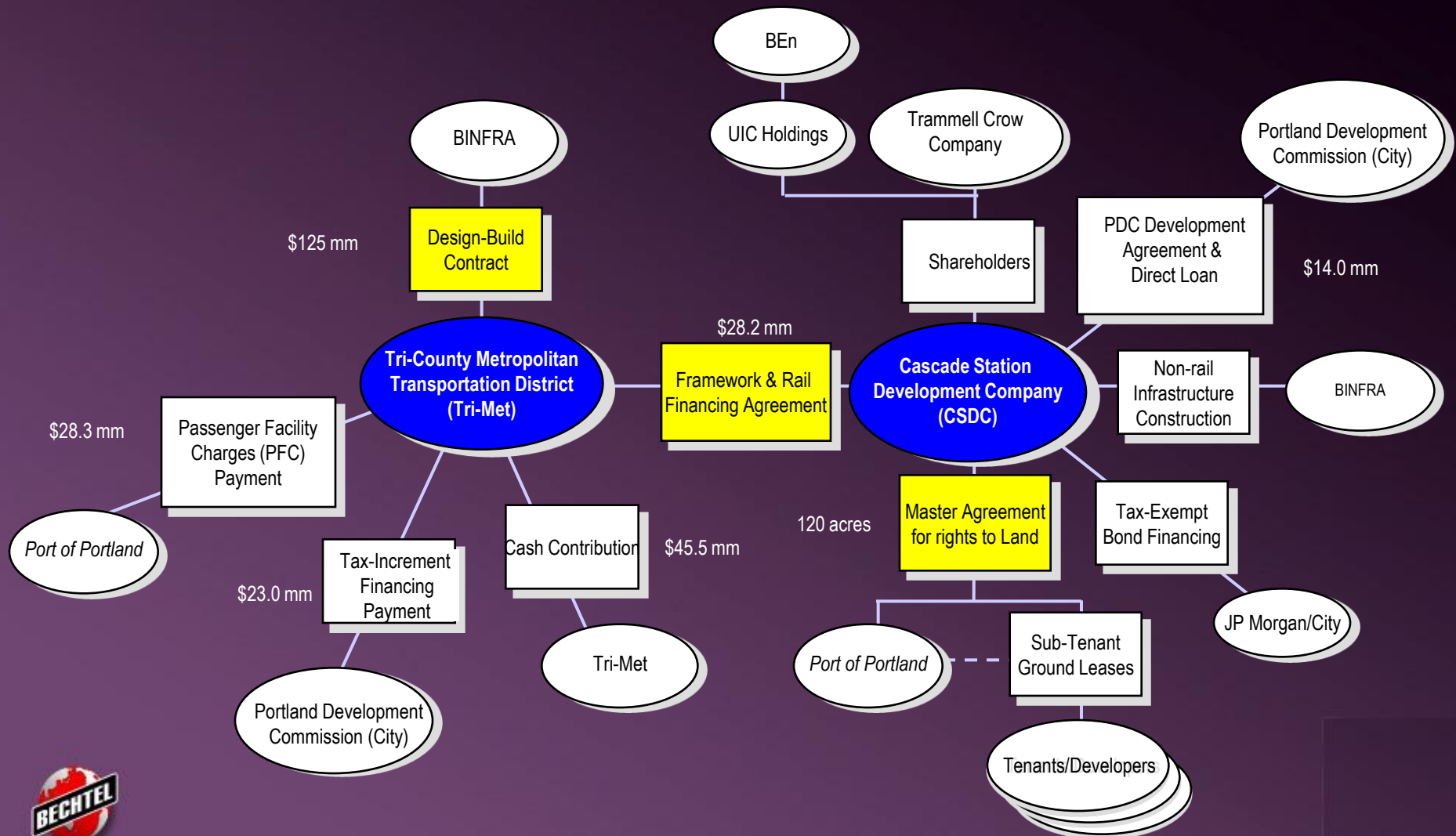


# Potential PPP Cost Savings

- ❖ Costs on a typical project can be reduced as a result of shortened schedule and reduced preliminary engineering
- ❖ PPP saved 33% over traditional approach in Portland



# Major Stakeholders



# Key Sources of Financing

- ❖ Port of Portland (the Port) contributed \$28.3 million through a \$3 Passenger Facility Charges (airport users)
- ❖ Portland Development Commission (PDC) contributed \$23 million through tax-increment funding, as well as \$14 million in junior obligation bonds
- ❖ Tri-Met and Metro contributed \$45.5 million in direct funding
- ❖ Tri-Met issued \$28.2 million in tax exempt debt, guaranteed by Bechtel Enterprises



# Original vision stalled

- ❖ Light Rail completed well ahead of schedule, opened 10 Sep 2001
- ❖ Light Rail a huge success – 3,000 daily riders to airport
- ❖ Ridership exceeded forecast
- ❖ Then 9-11 happened and air traffic dropped significantly
- ❖ Economic slowdown – weak real estate market 2002 to 2004
- ❖ Site development stalled for next 4 years
- ❖ Main impediment to development was limitation of footprint to 60,000 sf



Cascade Station Original Vision



View of site in 2006 – Top of photo

# Revising the Original vision

- ❖ Bechtel worked with all stakeholders to revise initial vision
- ❖ Market study by ERA in 2004 indicated interest for more retailing
- ❖ Shift from entertainment center as a main anchor to a big-box tenant
- ❖ Vision became “Destination Retail”
- ❖ Downsized hotel from 1,000 to 250 rooms
- ❖ Master Agreement was changed after consultation with all stake-holders to allow footprints of up to 205,000 sf per story
- ❖ City Council agreed to amend Plan District of Cascade Station in November 2004
- ❖ IKEA announced its choice of the Cascade Station site in 2005. New store opened in 2007





# Cascade Station Site Plan as of May 2008

- ❖ Retail Center developed by Trammell Crow and CenterCal Properties, LLC with 41 retailers and restaurants with be completed late 2008
- ❖ Two hotels (Aloft and Hyatt Place) are being developed across the street from the Retail Center
- ❖ Two office building and a mixed use office building/retail are being developed

TrammellCrowCompany



# Advantages of Public Private Partnerships

- ❖ Acceleration of project development and delivery
- ❖ Reduced costs, through:
  - Shorter schedules
  - Value engineering and constructability input
  - Efficient execution from development thru construction
  - Reduced owner administrative costs
- ❖ Optimize opportunity for private investment, economic development and innovative finance
- ❖ Total alignment of public and private interests and efforts in getting the project funded, financed and built
- ❖ True Partnership is key to ensuring success

